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# THE Agricultural Situation



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**FARM PRODUCTS NEEDED TO PAY  
\$1,000 OF DEBT**

Product	1921	1929	1932	1937	1939	1945	1948*	Feb.* 1949
 200 lb. Hogs	66	53	150	53	80	36	21	26
 1,000 lb. Cattle	18	11	24	14	14	8	4	5
 100 lb. Milk	435	395	781	508	595	313	206	231
 Cases Eggs	118	112	235	156	192	88	69	80
 Bu. Wheat	971	965	2,618	1,040	1,447	661	488	515
 Bu. Corn	1,931	1,252	3,165	1,930	1,761	781	735	893
 Bales Cotton	12	12	31	24	22	9	6	1
 Lb. Tobacco	5,128	5,464	9,524	4,902	6,494	2,353	2,041	-
 Tons Peanuts	13	13	32	15	15	6	5	5
 Bu. Soybeans	463	532	1,852	1,176	1,235	481	418	488
 Bu. Apples	610	719	1,639	1,562	1,562	332	469	337
 Bu. Potatoes	883	760	2,632	1,890	1,435	699	654	581

BASED ON AVERAGE PRICES RECEIVED BY FARMERS  
\* PRELIMINARY

## *Successful Cooperation*

# Farm Mutuals Do Big Business

THE OLDEST, the most widespread and one of the most successful forms of rural cooperation in the United States are the farmers' mutual fire-insurance companies.

About 1,850 of these cooperatives carry around 18 billion dollars' worth of insurance. About 86 percent is on farm property and the rest on residential property in towns, villages, and suburban areas of cities. The full value of the farm property insured by farmers' mutuals in 1945, not including land, was about 63 percent of the total reported value of all insurable farm property in the United States.

Mutual fire insurance companies have been organized by farmers to provide protection at a price they feel they can afford. Farm buildings often are constructed of materials that catch afire more easily than buildings in towns. Fire-fighting services are much farther away than in cities or are not available at all. Therefore, farm fires usually result in total loss of the buildings; a tragedy to many farmers whose farm represents their life savings. Reports indicate that about a fourth of the claims and three-fourths of the amount paid out as indemnities by farmers' mutuals involve property that has been completely destroyed.

### Insurance at Low Cost

Because of these hazards and the fact that getting business in rural areas is more expensive than in towns, commercial fire-insurance rates often are higher than farmers will pay.

Providing fire insurance at low cost has been the most striking achievement of farm mutuals. The average cost to farmers in 1946 was only 24.3 cents per \$100 of insurance. In some areas the cost was much lower. In Minnesota, for example, the average assessment charged by 156 companies was only 15.4 cents per \$100.

The typical farm mutual is able to

provide insurance at low cost because of its low overhead expenses and favorable loss experience. Officers and directors frequently are farmers, each of whom handles the business in his own neighborhood. Their salaries and fees are modest. Promotional costs are low.

### Most Inspect Properties

Careful underwriting accounts for the favorable loss experience of the cooperatives. The fact that company officials are familiar with insured property in their neighborhoods helps avoid poor risks. Moreover, about nine-tenths of the farm mutuals inspect properties before accepting them for insurance. Fire hazards are pointed out to the farmer who usually corrects them. In one State, a periodic inspection service organized by local mutuals and the Statewide reinsurance company is credited with cutting fire losses in half in 10 years.

These farmer fire insurance companies are assessment mutuals. This means that they can make extra levies against members to pay unusual losses. Many of the mutuals are "post-loss" associations which make assessments only after losses are incurred. Usually these companies total their losses for the year and then levy an amount big enough to cover the claims. Some borrow to pay current losses until the annual assessment income is received.

Farmers' mutuals as a group doubled their reserves from 1937 to 1946 and now have a surplus of about 85 million dollars. This can be used to meet losses not covered by "advance-premium" assessments or to reduce the future insurance cost of members.

These reserves make it possible for these companies to assess about the same amount each year so that insurance costs of members remain fairly stable. When a company's reserves are built up to a point higher than is necessary to meet probable claims, a

"dividend" usually is declared by skipping one or more assessments.

A farmer living in an area served by a mutual can join by making an application. After it is accepted, he pays a small fee and the initial premium. Most mutuals write policies for five years but the farmer pays his assessments annually. The assessments include his share of the losses and expenses of the company.

### More Mutuals in North

Most farmers' mutual fire insurance companies are in the northern half of the United States. A few States have more than are necessary because early laws provided for township rather than county-wide mutuals. However, many important areas of the country do not have them. This is particularly true of the South where commercial insurance rates are much higher than in the North, because of differences in building construction and other fire hazards.

For example, commercial companies in Minnesota charge 42 cents per \$100 per year for insurance on a frame dwelling with a noncombustible roof if occupied by the owner. Credits of four cents are given if the building has a central heating plant, eight cents if it has an approved lightning rod, six cents if the property is located in a Class A fire-protected-area, and three cents if in a Class B area.

In South Carolina, on other hand, commercial companies charge \$1.50 per \$100 of insurance on similar property. None of the credits given in Minnesota are available. Rates in both States are cheaper for a policy covering more than one year.

It is impossible to determine how much of the differences in rates in Minnesota and South Carolina are due to higher loss frequencies and how much to lack of competition from farmer-owned companies.

Farmers in areas without a mutual fire insurance company will find it fairly easy to organize one in most States. In general, this is the way to go about it. The first step is to call a meeting of those interested. At the meeting, a committee or temporary board of directors is appointed to prepare articles of incorporation.

The articles should list the name of the company, location of its home office, its purpose, the territory to be served, the form of management, names and addresses of the committee members and the conditions under which the articles may be amended.

When the articles have been signed by the committee members and are attested, they are submitted—in most States—to the State insurance commissioner at the State capitol. If the insurance commissioner finds them within the law, he certifies this fact to the committee. The new company is then ready to adopt by-laws and application and policy forms.

The membership of the permanent board of directors may be the original committee or temporary board. This group can elect a president, vice-president, secretary and treasurer from its own membership. In most States insurance policies cannot be issued until the company furnishes statements to the insurance commissioner guaranteeing that a certain minimum amount of insurance will be taken on at least 50 separate risks.

### State Laws Vary

No single procedure for organizing a farmers' mutual fits all States. In some cases, by-laws and forms are prepared and sent to the commissioner along with the articles—sometimes called the "constitution." In any event, by-laws and application and policy forms should be approved by the commissioner before they are used. In some States, articles of incorporation must be published in a local paper.

Farmers wishing to organize a mutual can save time and trouble by first writing the insurance commissioner for instructions about incorporating a company according to State laws.

Usually farm mutuals operate under a separate chapter of the insurance laws of the State and are not subject to many of the regulations covering commercial companies. In a few States—generally where mutuals are most needed—there are no suitable laws under which they can be organized.

Ralph R. Botts  
Bureau of Agricultural Economics

# Livestock Marketing Expenses Increase a Fourth Since 1939

THE EXPENSES of marketing cattle, calves, hogs, sheep, and lambs from producers to slaughtering plants or feedlots averaged 72 cents per hundred pounds in 1947 compared with 57 cents per hundred pounds in 1939 and 53 cents in 1932, a recent BAE study shows. The study is part of a larger project on marketing costs and margins supported by funds appropriated under the Research and Marketing Act.

During each year, transportation by both truck and rail accounted for more than 60 percent of the average expenses and the services of marketing agencies and feed the rest.

These marketing expenses do not include either the value of the services of farmers in handling and selling their livestock, or losses while the animals are in transit or at markets.

Marketing expenses usually change in the same direction as changes in prices farmers receive for livestock but the change is less proportionally and occurs more slowly. In 1947 marketing expenses averaged 3.5 percent of the average price per hundred pounds received by farmers for all livestock compared with 8.3 percent in 1939 and 13.5 percent in 1932. The relatively greater stability of transportation, labor, and other marketing costs works to the disadvantage of the farmer when live-

stock prices decline. On the other hand, the producer benefits during periods of rising livestock prices.

The table below shows how average marketing expenses varied by species and by markets. Marketing expenses per hundred pounds were higher for calves, and sheep and lambs than for cattle and hogs. On a per head basis, expenses for cattle and calves were highest. Variation among markets was largely due to differences in services performed.

The number of livestock hauled by truck increased considerably during the 15 years. In 1932, cattle shipped by truck to more than 60 terminal public markets made up a third of total receipts. By 1947, the proportion hauled by truck had doubled. During the same period, truck receipts of hogs at these markets increased from 50 percent to 70 percent of total hog receipts.

Preliminary estimates indicate that the expenses of marketing livestock during March 1949, averaged 79 cents per hundred pounds, 10 percent higher than in 1947. Expenses at markets increased about 4 percent, and expenses for transportation were up about 13 percent.

Edmund Farstad  
Bureau of Agricultural Economics

## Expenses of Marketing Livestock per Hundred Pounds

	Cattle				Calves				Hogs				Sheep and lambs				All Livestock combined					
	1947		1939		1932		1947		1939		1932		1947		1939		1932		1947		1939	
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
Public markets.....	24	20	18	44	34	34	28	24	21	46	39	37	27	23	22	22	27	23	22	21	22	19
Auctions.....	30	22	19	48	26	22	43	22	19	45	31	26	35	22	19	22	19	22	19	22	19	19
Concentration yards.....	14	11	9	14	11	9	14	11	9	14	11	9	14	11	9	14	11	9	14	11	9	9
Local co-op. associations.....	18	15	10	18	15	10	18	15	10	18	15	10	18	15	10	18	15	10	18	15	10	10
Dealers.....	18	15	10	18	15	10	18	15	10	18	15	10	18	15	10	18	15	10	18	15	10	10
Average—All markets.....	24	20	17	32	24	26	23	19	18	34	28	30	26	22	20	21	22	20	21	22	20	20
Transportation.....	44	33	31	60	43	45	33	31	55	42	40	46	35	33	33	33	33	33	33	33	33	33
Total.....	68	53	48	92	69	69	68	52	49	89	70	70	72	57	53	53	53	53	53	53	53	53

# *Many Obstacles in Marketing New Farm Products*

FARMERS seeking to establish a market for a new product may find more resistance than they expect. This has been demonstrated in a number of marketing studies conducted by State and Federal agencies over the past several years. The most recent is the report on "Consumer Response to the Marketing of Cut-up Turkey," published by the Oregon Agricultural Experiment Station.

Two considerations were uppermost in the minds of the retail meat dealers interviewed in an effort to get them to take part in the experiment in merchandising 20- to 40-pound tom turkeys in cut-up form. The first related to the risk in marketing a new product and the extent to which it would have to be absorbed in their ordinary markup. The second arose from the unwillingness of dealers to break a routine, especially one yielding a satisfactory return for their labor and capital.

## **Merchandising Program**

The turkey marketing project was made in Oregon with the cooperation of the Bureau of Agricultural Economics and the Production and Marketing Administration and was partly financed by funds appropriated under the Research and Marketing Act. During the 10-week study, a merchandising program similar to those used for other meats and meat products was undertaken. Paid newspaper and radio advertising and store posters were used to attract consumers' attention to turkey. Consumer response was checked closely to determine the extent to which demand would be forthcoming under these conditions.

The authors of the report drew some conclusions which not only indicate how demand for cut-up turkey can be increased but some of the obstacles encountered. They believed that demand could be increased:

1. If consumers are given an opportunity to buy turkey in quantities suitable for the small family and as a re-

sult establish a habit of using turkey as they have for other meats.

## **Need Long-Range Plan**

2. If a long-range educational program designed to stimulate interest in the product is undertaken by the turkey industry. It should strive to increase total consumption by selling turkey in smaller units. This program will be possible only if the growers and processors cooperate in financing it. Interest should not be allowed to lag because of a temporary advantage in marketing whole birds. A reasonable approach to this promotional work is that the initial expenses will be recovered over a period of years and not immediately.

3. If retail merchants can be interested in helping to carry through a worthwhile merchandising program. Retail meat dealers can provide the power to sell turkey if they want to; if they do not want to push turkey sales, they are a serious obstacle to the success of any expanded turkey marketing program. It is important that turkey growers and processors have a marketing program that will make the handling of turkeys convenient, profitable, and attractive to the retailers. A periodic review of their sales policies by the growers and processors might yield high returns.

## **Better Packaging Needed**

4. If continuous experiments in merchandising techniques are carried on, looking toward improvements in packaging of pieces before freezing and packaging designed to attract attention and maintain appearance and quality.

They also concluded that selling large turkeys in cut-up form has a useful economic purpose. An acceptable consumer-size unit can be obtained if the birds are cut up for marketing. Hog and lamb producers do not expect to sell whole hogs and lambs; neither should turkey growers expect to sell 20- to 40-pound birds to other than hotels and restaurants.

## A Holiday Market Only

Conventional merchandising methods dictate the sale of turkeys as whole birds, the authors pointed out. They are handled by most retail markets during Christmas and Thanksgiving periods only. During other seasons they are handled by specialty markets. When turkey is not available, it is likely that some other meat will be substituted for it. There are extremely few home makers who will want to order a bird or a part of a bird several days in advance of using it. Neither do many of them wish to buy "sight unseen."

The investigators made several other important observations during the 10-week study. They found among other things that:

- Retail meat dealers were reluctant to handle meats and meat products for which a consistent demand had not been established.

- Meat cutters objected to handling products with which they were not familiar.

- It was extremely difficult to persuade the dealers to display turkey pieces in as prominent place as that given products sold in the normal course of business.

- The range of meats, meat products, poultry, fish and shellfish handled by the store was related directly to the number of items handled by the nearest competitor.

- Retail meat dealers were not inclined to promote the sale of turkey. They seemed to accept the position that the retail market provide products for which there was an established trade. They seldom assumed responsibility for promoting any one item, except for the purpose of drawing trade to the store.

## Several Questions

The foregoing attitudes may not be typical. If they are they raise several fundamental questions, especially for farmers producing specialty commodities for which the demand has not been established. Under what conditions is

it possible to induce wholesalers and retailers to promote the sale of a new product? In case established marketing agencies decline to promote the sale of a product by altering their merchandising practices, what can the farmer do about it?

Other questions relate to consumer reactions to a new product or a new merchandising technique. What is the appeal to the consumer? Is it a difference in price? Why should the homemaker pay as much for something she is not sure her family will accept as for an item for which tastes already have been determined?

## The Basic Issue

The basic issue seems to be: Who is to assume the responsibility and the cost of creating a market for a new product. A logical answer would be that the responsibility and cost should rest with those who will benefit financially from the program.

Without laboring the point, it will be extremely difficult to persuade marketing agencies operating near capacity on established and profitable lines to spend any of their efforts promoting a new product. This is particularly true when the maximum return from the new product would amount to only a small fraction of their total business.

D. B. DeLoach  
*Bureau of Agricultural Economics*

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## Other Studies in Progress

*The report on consumer response to cut-up turkey on which the above story is based is part of a series of studies under way in Western States with the aid of Research and Marketing Act funds. Other projects in which the Bureau of Agricultural Economics is participating include: Maintaining and expanding the market for dairy products; livestock marketing; new methods to improve and maintain quality of potatoes; the preparation and processing of domestic wools; and desert grapefruit marketing routes in relation to grower returns.*

## *Plans Point to*

# Fewer Acres of Spring Crops

INDIVIDUAL farmers need to know what producers in other parts of the country plan to plant in order to operate their farms along business-like lines. So, for 26 years, in response to requests from farmers, processors, and consumers, the Crop Reporting Board has reported on prospective plantings. The Board can do this because many thousands of farmers cooperate by reporting their plans as of March 1.

As an additional service the Crop Reporting Board makes conditional statements on crop production. For instance, the Board states that "if" the 1949 intended acreage of corn is planted and "if" the yield is about the average of a recent 5-year period, production would total 2,900 million bushels. On the same line of reasoning, the 1949 wheat crop would be about 1,256 million bushels, the oats crop about 1,300 million bushels, the barley crop about 267 million bushels and sorghum grain down to 107 million bushels. We may look for about 100 million tons of hay in the Nation's haymow.

### Below Average Potato Crop

If you produce soybeans, you will be interested in learning that soybean production may be 182 million bushels. You also will be interested in knowing that flaxseed will be down to 41½ million bushels and peanuts down to 1,700 million pounds.

Rice growers may look forward to a near-record 79 million bushels if they plant the acreage they intended and get average yields. Potatoes promise to fall to a below-average 382 million bushels and sweetpotatoes down to only 45 million bushels. Dry beans may total over 16 million bags and dry peas nearly 5 million bags. Sugarbeets would amount to only 9 million tons. Tobacco production would be an above-average 1¼ billion pounds.

Knowing what prospective plantings may mean in bushels or pounds of prod-

ucts, helps to take some of the guess-work out of farming. Many farmers say that these guides enable them to change their plans so as to prevent losses or to make profits. They may help processors of such products as sugarbeets or peas or beans to make a drive for more or less acres of these crops in order to balance production with usual consumption.

### Weather the Big "If"

In making their plans farmers take into account such factors as supplies of seeds, fertilizers, machinery and farm labor. None appear to be limiting factors for 1949 acreages. But changes may occur in price relationships. Farmers then may be guided by the knowledge that acreages of certain crops are larger, and of others smaller than usual. The chief uncertain factor is spring weather which to date has been at least as favorable as usual in most of the country.

Of the 17 crops surveyed in March, the prospective acreage totals about 270 million acres, compared with nearly 275 million planted in 1948. By making allowances for crops not yet surveyed, the total of all crops may be 361 million acres—1.6 million acres less than in 1948, below the wartime peaks in 1943 and 1944, but larger than in other year since 1937.

At least two outstanding indications emerge from the report on planting intentions. First, the acreage in wheat—fall-sown plus spring wheat—will be by far the largest of record, and winter wheat is in such good condition generally that abandonment is likely to be less than usual. This means that the acreage of food grains will be the largest ever grown, for rice is near last year's record planted acreage.

This leads to the second point—that the acreage of spring-planted crops will be the smallest since 1939. This is partly because the large wheat acreage limits the area available for corn, which

is down 1½ percent, and for sorghums, down 12 percent; and partly because of an 11 percent drop in barley acreage. Only oats acreage is up to the 1948 level and this is likely because of the use of oats as a nurse crop for new meadow seedings. Thus the acreage planned for feed grains is about 4½ million acres less than in 1948. With a heavy carry-over from the 1948 crop likely, this appears ample to growers.

Oilseeds—including at this time soybeans, flaxseed, and peanuts—are expected to be grown on a smaller acreage than in 1948, particularly peanuts, for which acreage allotments will be in effect. Allotments will also apply to acreages of potatoes and tobacco. The potato acreage may be the smallest in 70 years; tobacco acreage will be 4 percent larger than in 1948. Apparently, the acreage in dry beans will be reduced 7 percent, but dry peas will be increased nearly a third, mostly in Idaho and Washington. The acreage in sugar beets may be down 4 percent from 1948.

The acreage in hay remains about the same as last year and average.

By areas, aggregate prospective acreages declined below the 1948 total only in the South, with other regions showing slight increases. The decline in the South may be traced to unfavorable weather which retarded spring seeding beyond usual dates in part of the area, and partly to increased acreage in wheat remaining in the Southwest, which limited land available for re-planting to sorghums and spring grains.

Knowing plans of all farmers in 1949, by crops and by areas, individual farmers may make such changes in plans as appear practical to them. The weather is likely to be a major factor in determining whether plans can be carried out. By watching the weather and its effects as the season progresses we can judge, each for himself, what the outcome is likely to be.

Harold R. Walker  
*Bureau of Agricultural Economics*

## Prospective Plantings for 1949

Crop	Planted acreages			
	Average 1938-47	1948	Indicated 1949	1949 as percent of 1948
Corn, all-----	Thousands	Thousands	Thousands	Percent
All spring wheat-----	90,590	86,196	84,809	98.4
Durum-----	18,319	19,588	20,300	103.6
Other spring-----	2,677	3,245	3,392	104.5
Winter wheat-----	15,641	16,343	16,908	103.5
Oats-----	47,713	58,161	61,370	105.5
Barley-----	42,378	44,529	44,506	99.9
Flaxseed-----	14,607	13,295	11,885	89.4
Rice-----	3,472	4,889	4,713	96.4
Sorghums for all purposes-----	1,378	1,757	1,753	99.8
Potatoes-----	16,810	13,813	12,144	87.9
Sweetpotatoes-----	2,799	2,127	1,980	93.1
Tobacco <sup>1</sup> -----	717	519	489	94.2
Beans, dry edible-----	1,653	1,538	1,596	103.8
Peas, dry field-----	2,001	1,971	1,834	93.0
Soybeans <sup>2</sup> -----	487	309	409	132.4
Cowpeas <sup>2</sup> -----	11,607	11,733	11,278	96.1
Peanuts <sup>2</sup> -----	2,459	1,115	1,011	90.7
Hay <sup>1</sup> -----	3,466	3,879	3,175	81.9
Sugar beets-----	73,966	73,616	73,718	100.1
	869	800	766	95.8

<sup>1</sup> Acreage harvested. <sup>2</sup> Grown alone for all purposes. <sup>3</sup> Estimate of Dec. 1, 1948.

# *The Place of* Soybeans in the Farm Plan

DURING the last couple of decades soybeans have gained a firm place in important farming areas where cropping systems already had been long established and where some other crops generally show substantially larger average cash returns per acre.

Soybeans for beans have been grown on more than half of the farms in large sections of the Corn Belt in recent years. In some parts of the Mississippi Delta and Atlantic Coast regions they have been planted on a fourth to a half of the farms. They also have been an important crop on many farms in other parts of the South and on the fringes of the Corn Belt.

In these areas, other important crops such as corn and cotton usually have produced higher average net profits per acre than soybeans. On the other hand, soybeans have ranked above small grains. However, figures on net profits from different crops are not entirely comparable because of differences in management factors affecting their production. For instance, in the Corn Belt, corn usually has the first choice of land and planting time. Small grains commonly have an additional value as a companion crop for clover or grass seedings which is not included in the cash value per acre. As a result, a considerable part of the soybeans grown has had the last choice of land and of planting dates.

## Good Reasons for Soybeans

Not only do average net profits per acre differ among the crops on a farm, but usually there also are wide differences from farm to farm for a given crop in any year. This results mainly from differences in yields and to a lesser extent from differences in cost of production. The range in returns between farms is usually greater than the range for one crop on the same farm from year to year.

Although other crops produce higher average profits, there are good reasons

why soybeans are being grown. One of the most important is the fact that experienced growers have found that soybeans fit well into their farm plans.

In planning his farm operations, the farmer usually selects a combination of enterprises that he believes will bring in the largest net return from the whole farm business. Among the things he considers is the fact that a particular crop will grow better on some parts of his farm than on other parts. He also considers such matters as labor distribution, crop rotation, need for feed crops and the desirable pattern of land use over a period of years. Relative yields and costs and the prices he expects his crops to bring also affect his decision.

## Indirect Returns Important

The crop plan the farmer finally selects will be modified by his ability to bring about the most desirable combination, by the value he places on such things as degree of effort required, and by his likes and dislikes and other personal interests.

The indirect returns soybeans contribute to the farm business is one of the main reasons why they fit well into the cropping systems of the Corn Belt and South. Many farmers in these areas have diversified their operations because there are factors limiting the acreage that can be grown of the crop yielding the highest return. Among these factors are the supply of labor available, the differences in labor requirements from one part of the season to the next, and soil management problems.

Soybeans help use labor more efficiently by helping spread the farm labor load throughout the crop season. They usually are planted after corn and cotton and are harvested after hay and small grains but before corn picking becomes general. Soybeans often can be planted as an alternative crop in wet springs when farmers are unable to

seed their intended acreage of corn. Late planting also gives farmers an opportunity to kill an additional crop of weeds in preparing the seedbed. After planting, weeds can be destroyed by cultivation. Soybeans are useful in corn borer control since more time is available for plowing under corn stocks before soybean planting time than before seeding small grains. Soybeans are resistant to chinch bugs that frequently cause heavy damage to corn and small grains.

Soybeans help meet the soil management problem on many farms. Although they do best on good soils, they grow well on many soils not well adapted for corn. Many farmers have observed that soybeans have a beneficial effect on yields of other crops following them in the rotation.

### Good Practices

Much has been learned in recent years about the cultural practices necessary to obtain maximum yields and highest profits from soybeans. The best adapted variety for the particular soil and locality should be used. The germination percentage of each lot of seed should be determined and taken into account before determining the rate of seeding. Innoculation of the seed is recommended, especially if soybeans have not been grown on the land in recent years. Rows from 21 to 30 inches apart usually give the best yield on fertile soils while wider rows give better results on soils of medium and low fertility.

It will pay to apply lime, potash, and phosphate on soils deficient in these elements.

Planting should be done at the most favorable time for the locality—generally from May 15 to June 1 in the principal soybean counties of the Corn Belt—but it will usually pay to delay planting a week or two from this time if a more effective job of killing weeds can be done. This is especially true for fields which were heavily infested with weeds the previous year. For thistle control many farmers recommend solid planting as being most effective. Keeping down weeds by cultivation after the crop is up will usually pay off in higher yields, more uniform

maturity, an earlier harvest, and lower moisture content of soybeans harvested.

Combining is the most efficient method of harvesting, but the combine must be properly adjusted, and harvesting should be done as soon as possible when the crop is ready.

Some precautions are in order. Because of the danger of soil erosion, soybeans should not be planted on steeply sloping land. If grown on sloping land they should be drilled solid or planted in narrow rows, on the contour. In some sections of the Corn Belt where corn and soybeans have been grown continuously for several years the soils show deterioration from depletion of humus and a breaking down of desirable structure. On lands in this condition the acreage of intertilled crops should be reduced and farmers should adopt rotations including more green manure and sod crops.

In some sections of the Corn Belt, brown stem rot, a serious fungus disease of soybeans, has been reported. This disease appears to be effectively controlled by a 4-year rotation. The problems of depleted humus and brown stem rot emphasize the need for more balanced systems of cropping and should be seriously considered by farmers in planning their operations.

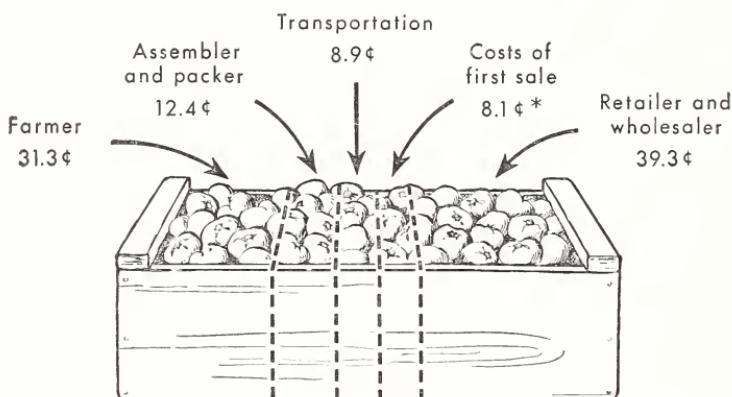
### Room for More Soybeans

From the standpoint of total cropland and the possibilities of more balanced farming, there is still room for a larger acreage of soybeans in some sections of the South and on level lands in the outer part of the Corn Belt. Adapted varieties for these areas are available and further improvement is in progress.

It appears that soybeans should again be a relatively profitable crop in 1949. Requirements of fats and oils for domestic consumption continue large. European countries show a strong preference for raw materials containing high-protein meal as well as oil which should help keep foreign demand strong. In addition, Manchurian soybeans are not likely to reappear on world markets in important volume during the year.

Edwin G. Strand  
Bureau of Agricultural Economics

# WHERE THE TOMATO DOLLAR GOES



\* INCLUDES 6.3¢ COMMISSIONS AND 1.8¢ OTHER SERVICES

DATA FOR JUNE 1948, FROM STUDY, "MARKETING SOUTH CAROLINA TOMATOES IN NEW YORK CITY," BUREAU OF AGRICULTURAL ECONOMICS AND SOUTH CAROLINA EXPERIMENT STATION COOPERATING

U. S. DEPARTMENT OF AGRICULTURE

NEG 47145-X BUREAU OF AGRICULTURAL ECONOMICS

## Marketing Takes 69 Cents of Consumer's Tomato Dollar

SOUTH CAROLINA tomato producers received an average of about 31 cents out of each dollar spent by New York City consumers for their product, according to a study made by the South Carolina Agricultural Experiment Station and the Bureau of Agricultural Economics.

The study is part of a larger study of marketing margins and costs for tomatoes produced in the southern region and was financed by funds appropriated under the Research and Marketing Act. It showed that retail and wholesale charges accounted for almost 40 cents of the consumer's dollar. Other charges took about 29 cents.

### Picked When Green

Tomatoes usually are picked in the mature-green state, hauled to the packing shed and washed and graded. Unmarketable tomatoes are dumped or

hauled back to the farm for livestock feed.

Tomatoes are usually shipped in 30-pound lugs, although the use of field boxes has been gaining favor. Field boxes cost about five times as much as lugs but can be used many times. About twice as many tomatoes can be packed in a field box as in a lug at about half the cost if the box is used several times. Truckers return empty field boxes to shippers at a cost of 15 cents each. The possibility of reducing marketing costs by using field boxes instead of lugs is worth further investigation.

### High Quality Pays

Because of the cost of packing, transporting, and selling, it is to the producer's advantage to market only high-quality tomatoes. In addition, consumer demand for fancy fresh fruit is

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more steady. Unless supplies are unusually short, off-grade tomatoes may not pay marketing costs.

Most South Carolina tomatoes are shipped to New York in refrigerated railroad cars or trucks. All shipments covered in this study were delivered to wholesale receivers. Their handling charges averaged 34 cents per lug.

South Carolina producers usually ship their tomatoes on consignment, thus keeping title to them until they are sold by commission merchants in New York. The consignee deducts the freight and other marketing costs before paying the producer or shipper. He may handle the tomatoes on a commission or a joint account basis. In the first case, he deducts his commission and other expenses. In the second, the consignee and the shipper share profits and losses.

Tomatoes can be sold by the consignee through the fruit and vegetable auction or directly to wholesale jobber outlets. After the buyers have received the tomatoes, they either repack them or resell them "as is" to another middleman. If the tomatoes are to be repacked into 1-pound containers, they must be stored in ripening rooms until they have sufficient pink color. This may take up to 10 days.

## 27 Percent Wasted

Waste caused by decay, cracks, insect damage, and bruises during the repacking and ripening process averaged 27 percent for the tomatoes studied.

The total retail price for South Carolina tomatoes in New York City at the time of the study was \$5.39 per lug. Marketing costs accounted for \$3.71 and were made up as follows: Wholesale and retail margins, \$2.12; commissions, inspections, etc., 44 cents; freight to New York City, 48 cents; grading, packing, and loading in car, 67 cents. The return to the grower was \$1.69. Thus if farmers had received nothing, New York consumers still would have paid nearly 17 cents a pound.

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## Demand for Food Weakens

Despite slight declines recently, consumers' income is still near the record levels of the last several months. But the way in which consumers are disposing of their income apparently is changing, with important consequences to food producers.

These changes are: 1. A tendency for consumers to save a larger share of their incomes. 2. A tendency for consumers to spend a smaller proportion of the income for food. In recent years, the proportion spent for food has been exceptionally high.

These tendencies indicate a weakening in demand for food products. They may partly explain declines in farmers' prices since last summer.

Downward pressure on food prices also has developed from increased supplies of many items. These increases come from: 1. The big crops of 1948; 2. A greater reluctance on the part of processors and traders to hold storage stocks built up earlier or to accumulate larger stocks; this tends to increase consumer supplies.

Weaker demand for food products means that consumers will take a smaller quantity if prices stay up. They will take the same amount only if prices fall. In either case, of course, the amount of money consumers spend for food will be smaller.

We do not as yet have enough information to be able to say definitely that demand for food has weakened. Proof or disproof must await more complete data. But the figures we have now indicate that this is the way the wind is blowing.

## Meat Output Increasing

From April through December, meat output is expected to run slightly above the same months last year. Consumption per person probably will be about half a pound above a year earlier in each quarter.

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# Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	5-year average		Mar. 15, 1948	Feb. 15, 1949	Mar. 15, 1949	Parity price Mar. 15, 1949
	August 1909-July 1914	January 1935- December 1939				
Wheat (bushel)-----dollars	0.884	0.837	2.21	1.94	1.98	2.17
Rye (bushel)-----do-----	.720	.554	2.14	1.23	1.18	1.77
Rice (bushel)-----do-----	.813	.742	1.3.03	2.32	2.41	2.00
Corn (bushel)-----do-----	.642	.691	2.11	1.12	1.18	1.58
Oats (bushel)-----do-----	.399	.340	1.17	.689	.700	.982
Barley (bushel)-----do-----	.619	.533	1.87	1.04	1.06	1.52
Sorghum grain (100 pounds)-----do-----	1.21	1.17	3.36	2.07	2.17	2.98
Hay (ton)-----do-----	11.87	8.87	19.70	20.50	20.00	29.20
Cotton (pound)-----cents	12.4	10.34	31.77	29.14	28.74	30.50
Cottonseed (ton)-----dollars	22.55	27.52	87.90	53.40	51.40	55.50
Soybeans (bushel)-----do-----	2.96	.954	3.23	2.05	2.12	\$2.36
Peanuts (pound)-----cents	4.8	3.55	10.1	10.3	10.5	11.8
Flaxseed (bushel)-----dollars	1.69	1.69	5.86	5.75	5.75	4.16
Potatoes (bushel)-----do-----	4.697	.717	1.1.97	1.72	1.74	1.80
Sweetpotatoes (bushel)-----do-----	.878	.807	2.37	2.44	2.54	2.16
Apples (bushel)-----do-----	.96	.90	1.1.94	2.97	3.07	2.36
Oranges on tree (box)-----do-----	5.229	1.11	1.14	1.10	1.53	3.69
Hogs (hundredweight)-----do-----	7.27	8.38	1.21.50	19.60	20.00	17.90
Beef cattle (hundredweight)-----do-----	5.42	6.56	1.21.50	18.70	20.50	13.30
Veal calves (hundredweight)-----do-----	6.75	7.80	1.23.10	24.30	24.50	16.60
Lambs (hundredweight)-----do-----	5.88	7.79	1.20.10	21.50	23.60	14.50
Butterfat (pound)-----cents	26.3	29.1	80.3	64.1	63.4	64.7
Milk, wholesale (100 pounds)-----dollars	1.60	1.81	4.81	1.4.30	4.08	\$3.94
Chickens (pound)-----cents	11.4	14.9	27.2	29.5	30.4	28.0
Eggs (dozen)-----do-----	21.5	21.7	42.6	41.8	41.2	52.9
Wool (pound)-----do-----	18.3	23.8	1.43.8	52.6	52.1	45.0

<sup>1</sup> Revised.

<sup>2</sup> Comparable base price, August 1909-July 1914.

<sup>3</sup> Comparable price computed under the Steagall amendment.

<sup>4</sup> 1919-28 average of \$1.12 per bushel used in computing parity.

<sup>5</sup> 1919-28 average for computing parity price.

<sup>6</sup> Not adjusted for seasonal variation.

## Brannan Thanks Volunteer Reporters

Secretary of Agriculture Charles F. Brannan has sent letters thanking Oscar McIntyre, a Wyoming rancher, and Dan Page, a South Dakota rancher, for their unusual efforts in returning livestock questionnaires so that recent reports on livestock losses could be issued on time.

In a letter to George Knutson, agricultural statistician employed jointly by the Bureau of Agricultural Economics and the State of Wyoming, Mr. McIntyre said that owing to a disability that makes shoveling difficult it was dangerous for him to drive through the 5-foot snow drifts—in spite of which he rode 11 miles on horse-back to mail the report, a total of 22 miles. He is 64 years old and has served as a volunteer range and livestock reporter

since 1939, and has not missed returning a single report in the last 2 years.

Mr. Page lives in Bennett County, S. D., and gets his mail from Allen. In reporting on his livestock numbers and his losses in the snowstorms, Mr. Page wrote to Sam Gilbert, Federal-State agricultural statistician for South Dakota, that he would have to take his report 10 miles overland on horseback to mail it. He has been a rancher for 50 years, and a livestock and range reporter for 20 years.

Their reports, along with others like them, served as a basis for reports issued by the Bureau of Agricultural Economics February 14 on storm losses to livestock in Wyoming, South Dakota, Nebraska, and Colorado.

# Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39 = 100) <sup>1</sup>	Total income of industrial workers (1935-39 = 100) <sup>2</sup>	1910-14=100					Index of prices received by farmers (August 1909-July 1914=100)			
			Average earnings of factory workers per worker	Whole-sale prices of all commodities <sup>3</sup>	Prices paid by farmers		Farm wage rates <sup>4</sup>	Livestock and products			
					Com-modities	Com-modities, interest, and taxes		Dairy products	Poul-try and eggs	Meat animals	All live-stock
1910-14 average	58	50	100	100	100	100	100	101	101	101	101
1915-19 average	72	90	152	158	151	150	148	154	163	158	158
1920-24 average	75	122	221	160	161	173	178	159	163	123	142
1925-29 average	98	129	232	143	155	168	179	160	155	148	154
1930-34 average	74	78	179	107	122	135	115	105	94	85	93
1935-39 average	100	100	199	118	125	128	118	119	109	119	117
1940-44 average	192	238	325	139	150	147	212	162	146	171	164
1945 average	203	291	403	154	180	172	350	197	196	210	203
1946 average	170	275	392	177	202	193	378	242	198	256	240
1947 average	187	332	440	222	246	231	408	269	221	340	293
1948 average	192	364	475	241	264	249	432	297	236	371	320
1948											
March	191	358	466	236	262	247	-----	298	212	342	302
April	188	341	463	238	214	249	420	296	214	347	304
May	192	350	464	239	265	250	-----	291	211	361	309
June	192	361	472	243	266	251	-----	291	221	390	326
July	186	361	473	246	266	251	431	300	234	417	344
August	191	377	483	247	266	251	-----	305	247	411	344
September	192	330	484	246	265	250	-----	302	253	408	343
October	195	378	488	241	263	249	427	289	260	373	323
November	195	376	489	239	262	248	-----	284	272	351	313
December	192	374	493	237	262	248	-----	283	260	339	305
1949											
January	191	6 362	6 489	234	260	248	441	275	240	330	295
February	6 189			231	257	245	-----	264	218	315	280
March				258	246	-----	-----	254	217	335	287

Year and month	Index of prices received by farmers (August 1909-July 1914=100)								All crops and live-stock	Parity ratio <sup>1</sup>		
	Crops											
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Truck crops	All crops				
1910-14 average	100	101	102	96	98	99	-----	99	100	100		
1915-19 average	193	164	187	168	187	125	-----	168	162	106		
1920-24 average	147	126	192	189	149	148	8 143	160	151	86		
1925-29 average	140	119	172	145	129	141	140	143	149	89		
1930-34 average	70	76	119	74	72	94	106	86	90	66		
1935-39 average	94	95	175	83	106	83	102	97	107	84		
1940-44 average	123	119	245	131	159	133	172	143	154	103		
1945 average	172	161	366	171	215	220	224	201	202	117		
1946 average	201	195	382	228	244	226	204	226	233	121		
1947 average	271	246	380	261	335	194	249	261	278	120		
1948 average	250	249	387	259	326	157	238	250	287	115		
1948												
March	260	284	372	256	339	140	295	262	283	115		
April	268	291	371	275	351	142	340	276	291	117		
May	261	282	370	284	357	141	262	267	289	116		
June	249	278	370	284	364	155	213	261	295	118		
July	240	256	370	296	366	172	213	253	301	120		
August	227	235	386	245	310	183	172	236	293	117		
September	223	223	406	250	282	185	150	231	290	116		
October	226	192	418	251	270	174	176	227	277	111		
November	234	181	412	246	283	157	186	224	271	109		
December	236	184	415	239	283	164	209	228	268	108		
1949												
January	232	187	412	236	274	180	282	238	268	108		
February	221	173	412	235	244	181	285	233	258	105		
March	229	178	411	232	242	189	263	233	261	106		

<sup>1</sup> Federal Reserve Board represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

<sup>2</sup> Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on pay rolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised August 1948.

<sup>3</sup> Bureau of Labor Statistics.

<sup>4</sup> Monthly data adjusted for seasonal variation.

<sup>5</sup> Revised. <sup>6</sup> Preliminary.

<sup>7</sup> Ratio of prices received to prices paid for commodities, interest and taxes.

<sup>8</sup> 1924 only.

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More hogs will be slaughtered from mid-April on. There also will be more beef from grain fed cattle. Other kinds of beef and lamb and mutton will be down from 1948.

### No Change in Dairy Exports

The outlook for exports of dairy products in 1949 indicates that foreign countries will take about the same amount as in 1948. Last year's exports included the equivalent of about 3 billion pounds of milk products (fat solids base) and about 150 million pounds of nonfat milk solids.

### Milk Cow Decline May Be Near End

The number of milk cows on United States farms dropped 2 percent during 1948, leaving 12 percent less than we had when the decline began in mid-1944. Most of the drop has occurred in the West North Central and South Central areas where returns from the production and sale of meat animals has been more favorable than those from dairy products. In important fluid milk areas the number of milk cows has been maintained or increased.

The number of heifers and heifer calves compared to the number of cows is high. The outlook is that the number of milk cows will decline little this year and may be stabilized by the beginning of 1949.

### Farmers' Prices Up a Little

Prices received by farmers averaged slightly higher in mid-March than a month earlier, the first increase shown by the index since last July. However, the index is now 8 percent below a year earlier.

Among the commodity groups, food grains, feed grains and hay, fruit, truck crops, and meat animals were up from mid-February. Dairy products were off 4 percent and are now 15 percent below a year earlier. The tobacco, cotton, oil bearing crops and poultry and egg groups were off a trifle.

The index of prices paid by farmers including interest and taxes rose slightly from February to March. Most of the gain resulted from higher prices for food and feed.

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